



Agro Enterprise Centre

Federation of Nepalese Chambers of Commerce and Industry

Annual Progress Report for the USAID supported project " Improving the Policy Environment for Agricultural Trade, Production and Marketing in Nepal"

(Award No. 367-A-00-04-00021-00)

For

25 November 2003 to 30 November 2004

Prepared by:

**Dr. Deva Bhakta Shakya, Chief of Party
&**

Kiran Raj Pandey, Deputy Chief of Party

PO Box 7651
FNCCI Building
Kathmandu, Nepal
Ph.: 4262245, 4262260, 4267005
Fax: +977-1-261671
e-mail: agroaec@mos.com.np

TABLE OF CONTENTS

Background.....	4
I. Suggestions/comments in different policies	4
II. Administration and Policy Constraints that Small Farmers face in the Target Area	4
III. Trade Competitiveness	6
IV. Bilateral Trade Agreements	6
V. WTO Accession.....	7
VI. Non-Timber Forest Product Trade.....	8
VII. Water Source Development.....	9
VIII. Policy Advocacy Capacity Building	9
IX. Policy Advocacy sustainability	10
X. Gender and disadvantage group related programs.....	10
XI. Success stories in Policy Advocacy	11
XII. Actual Accomplishment Against Goals	16
XIII. Lessons learnt, major challenges and constraints faced.....	18
XIV. Prospects for next year's performance.....	18
XV. Status of Finance.....	19
XVI. Details of Quarterly report covering 1 st July- 30 th September, 2004	20

ABBREVIATIONS AND ACRONYMS

ABTRACO	Agro Business and Trade Multipurpose Cooperative Ltd.
ADB	Asian Development Bank
ADB/N	Agriculture Development Bank/ Nepal
AEC	Agro Enterprise Center
AOA	Agreement on Agriculture
APP	Agriculture Perspective Plan
CCI	Chamber of Commerce and Industry
CII	Confederation of Indian Industries
FNCCI	Federation of Nepalese Chambers of Commerce and Industry
FBCCI	Federation of Bangladesh Chambers of Commerce and Industry
FUG	Forest Users' Group
JEC	Joint Economic Council
HMG/N	His Majesty's Government of Nepal
MOAC	Ministry of Agriculture and Cooperatives
MOFSC	Ministry of Forestry & Soil Conservation
MOICS	Ministry of Industry, Commerce and Supplies
NTFP	Non-Timber Forest Product
PRA	Pest Risk Analysis
SAFTA	South Asia Free Trade Association
SEAN	Seed Entrepreneurs Association of Nepal
SSSP	Seed Sector Support Project
SSSC	SEAN Seed Support Center
SO	Strategic Objective
SPS	Sanitary and Phytosanitary Measure Agreement
SIMI	Smallholders Irrigation Market Initiatives
TBT	Technical Barriers to Trade Agreement
TRIPS	Trade Related Intellectual Property Rights
TOR	Terms of Reference
USAID	United States Agency for International Development
WTO	World Trade Organization
WUG	Water Users' Group

Background

U.S. Agency for International Development (USAID) awarded to Agro Enterprise Center (AEC/FNCCI) a sum of US \$ 249,626 for a period of three years up to 30th September 2006 to provide support for this program “ Improving the Policy Environment for Agricultural Trade, Production and Marketing in Nepal”. The award was effective from 25th November 2003. This program will support both the public and private agricultural sector institutions in policy analysis and advocacy to resolve critical policy issues affecting agricultural trade, production and marketing.

AEC has submitted progress reports covering the first and the second quarters (25th November- 30th June, 04) to the USAID/Nepal. This annual progress report will briefly highlight activities that were carried out, compare of actual accomplishment against goals established for the period in the Annual Work plan, provide information on the status of finances, and lessons learned and success stories, and major challenges and constraints faced during the performance period and prospects for the next year’s performance. It also has details of quarterly report covering 1st July-30th September 2004 as an annex. The programs that are focused are as follows:

- Administration and Policy Constraints that Small Farmers face in the Target Area
- Trade Competitiveness
- Bilateral Trade Agreements
- WTO Accession
- Non-Timber Forest Product Trade
- Water Source Development
- Policy Advocacy Capacity Building
- Policy Advocacy sustainability

I. Suggestions/comments in different policies

During this first year period, AEC/FNCCI was actively involved in providing private sector’s comments and suggestions to concerned government agencies on draft versions of Plant Quarantine Act, 2060, National Dairy Development Policy, 2060, National Agriculture Policy, 2060, Herbs and Non-Timber Products Development Policy, 2060, Local Self Governance Regulation, 2060 (revised version), National Poultry Policy, 2060, etc. To advocate effectively with focused comments and suggestions, AEC organized interaction programs of members of related commodity associations.

II. Administration and Policy Constraints that Small Farmers face in the Target Area

AEC/FNCCI involved Agro Business and Trade Multipurpose Cooperative Ltd. (ABTRACO) in carrying out various surveys for studies related to administrative constraints of small farmers, women groups, disadvantage groups associated with coffee production in Palpa, vegetable seed and honey production in Dang, and vegetables and market access in Banke.

Prior to the survey, we organized interaction programs in partnership with local chambers of commerce and industry to impart about the objectives of such surveys. Following interaction programs were held:

Table 1: Interaction programs

District	Organized in Partnership with	Purpose
Palpa	Palpa Chamber of Commerce and Industry	To inform various stakeholders about the survey to identify administrative and policy constraints that small farmers face in Palpa in coffee sub-sector
Dang	Dang Chamber of Commerce and Industry	To inform various stakeholders about the survey to identify administrative and policy constraints that small farmers face in Dang in honey and vegetable seed sub-sectors
Tulsipur	Tulsipur Chamber of Commerce and Industry	To inform various stakeholders about the survey to identify administrative and policy constraints that small farmers face in Tulsipur in honey and vegetable seed sub-sectors
Nepalgunj	Nepalgunj Chamber of Commerce and Industry	To inform Nepalgunj Chamber of Commerce and Industry about the survey to identify administrative and policy constraints that small farmers face in Nepalgunj for vegetables and agricultural markets

Palpa, Dang, Tulsipur & Nepalgunj CCIs invited local traders and farmers' groups engaged in the production and trading of coffee, vegetable seed, honey & vegetables respectively. Representatives from different related government agencies (agriculture and cooperatives, local development, police, etc) also participated in the interaction programs. The participants raised burning issues on effective government extension, structure and decentralization of the National Tea and Coffee Board, coordination among local stakeholders, identification of pockets for vegetable seeds, local tax, transportation, market, etc.

All the local participants and CCIs appreciated such interaction programs before the survey. It helped them to interact on many issues among themselves. And interaction programs also greatly assisted ABTRACO to get acquainted with stakeholders for the survey.

ABTRACO submitted three study reports to AEC/FNCCI: “ A Study Report on Identification of Administrative and Policy Constraints that Small Farmers Face in Palpa (Coffee)”; “ A Study Report on Administrative and Policy Constraints Faced by Honey Producing Small Farmers in Dang District”; and “ A Study Report on Administrative and Policy Constraints Faced by Small Farmers Producing Vegetables Seeds in Dang and Vegetables in Banke Districts”.

To present the findings of these studies among the local stakeholders who contributed in the surveys and to advocate at local levels, AEC/FNCCI in partnership with local CCIs organized interaction programs. Key issues that the different government institutions, commodity associations need to address for the promotions of the commodities have been highlighted in the studies. AEC/FNCCI has started to advocate in different meetings, forums the issues and recommendations mentioned in the study reports. In the year 2005, AEC/FNCCI will gather more of such information and will compile and publish them to advocate effectively. And also adoption of some of the recommendations both at local as well as at national level will be monitored and informed regularly.

III. Trade Competitiveness

We have identified honey, tea, coffee, off-season vegetables, floriculture, vegetable seeds, ntfts as commodities that Nepal has competitive advantage. We feel that a thorough sectoral study will assist us to advocate effectively for an enhancement of trade, especially towards export market and in some extent towards import substitution. We want to provide the findings and recommendations to the concerned stakeholders (especially policy makers) for favorable policies. In this regard, with the involvement of ABTRACO, we conducted a study on trade competitiveness of vegetable seeds. With consultation of SEAN and SSSP we prepared the terms of reference for the study.

AEC/FNCCI presented the final report on “ A Study Report on Trade Competitiveness of Vegetable Seeds [Radish (Mino Early), Carrot (New Kuroda) & Hybrid Tomato]” in a half-day interaction program. Concerned stakeholders both from the government institutions and from the private sector institutions actively participated in the program. Joint Secretaries representing MOAC appreciated the interaction program very much. We sent the final study document to Member- National Planning Commission, Joint Secretaries of MOAC, MOICS, Chief of Seed Quality Control Center, President-SEAN for consideration of policy reforms as recommended in the study report.

IV. Bilateral Trade Agreements

Since last eight years AEC/FNCCI has been profoundly involved in facilitating in conducting trade of Nepalese agricultural products with Bangladesh via Kakarvitta-Banglabandh-Dhaka route. One of the major hurdles for the trade was a lack of permanent infrastructure of a custom office at Banglabandh. AEC/FNCCI represented the delegation of FNCCI to Bangladesh from 19th to 24th January 2004 for enhancing trade between two countries. A Memorandum of Understanding (MOU) between FNCCI and FBCCI took place for establishment of Joint Business Council.

And also in 22 May 2004, the Government of Bangladesh opened the Banglabandh land port with proper infrastructure and organized a program for the initiation of the port. On receiving invitations from the Government of Bangladesh the First Vice President of FNCCI and the Executive Director of AEC participated in the opening ceremony held in Banglabandh

Our involvement in advocacy in plant quarantine related issues especially with India is elaborated in the success story section of this annual report. SPS and TBT related issues

would be major concern for exporting Nepalese agricultural products in coming days. Some of our major efforts in advocacy in SPS and TBT related issues were:

- Advocacy via Indian Embassy, Kathmandu to allow import of lentil, ntfps, etc. into India when their import was stopped.
- Advocacy via Government of Nepal, Inter Governmental Committee Meetings with India to include list of ntfps for import into India without a need for Pest Risk Analysis.
- Advocacy via Government of Nepal, & Directorate of Plant Protection of Department of Agriculture, India to allow import of jute into India when their import was suddenly stopped.
- Advocacy via Government of Nepal, Inter Governmental Committee Meetings with India, Directorate of Plant Protection of Department of Agriculture, India to allow import of fresh ginger into India.
- Advocacy via Government of Nepal, Indian Embassy, and Kathmandu in removing ginger from the Government of India's Foreign Trade Policy of 2004-2009's list of commodities that is restricted in being imported into India.
- Advocacy via Government of Nepal, Indian Embassy, Inter Governmental Committee Meetings with India, Directorate of Plant Protection of Department of Agriculture for the reduction of high inspection fee.
- Advocacy with Export Promotion Committee of MOICS to support Nepal's plant quarantine programs.
- Advocacy via Government of Nepal & Export Council of India in SPS related issue in import into India of processed food products from Nepal.
- AEC/FNCCI had the opportunity to advocate about the plant quarantine related issues with India in the presence of the Secretary of the MOAC, Joint Secretaries from MOAC & MOFSC, Director Generals from different departments of MOAC and representatives from MOICS and other divisions of MOAC.
- A coordination committee with members representing MOAC, MOFSC & AEC/FNCCI has been formed with the major responsibility of coordinating plant quarantine related issues in agricultural and non- timber forest products.

The Executive Director of AEC/FNCCI got opportunities to present Nepal's SPS related cases directly to the Directorate of Plant Protection of Department of Agriculture, India. And also he had an opportunity to reach the Ministry of Commerce of the Government of India with the help of the Confederation of Indian Industries to further deal with the matter.

We also conducted an awareness campaign in partnership with Siddharthanagar Chambers of Commerce and Industry for traders of SIMI's Butwal area.

V. WTO Accession

Till April 23, 2004, Nepal was getting ready to ratify for WTO's membership. AEC/FNCCI regularly assisted the MOICS's WTO cell as one of the private sector advisors during the ratification process, especially on SPS; market access, tariff & tariffication and other aspects of WTO. We organized different programs and raised concerns in different forums and also held interactions with WTO's officials and negotiators from Geneva. Finally Nepal became a member of WTO (147th member) on 23 April 2004. Nepal is the first Least Development Country to join the WTO through the full working party negotiation process.

And also with the help of experts from the Ministry of Industry, Commerce and Supplies and the Ministry of Agriculture and Cooperatives, we organized interaction programs to create awareness on WTO's implication on Nepalese Agriculture. We organized such interaction programs in partnership with Narayangarh CCI and Butwal CCI. Local traders, representatives from different institutions, farmers, etc. actively participated in such programs.

Based on suggestions from AEC/FNCCI, FAO/Nepal agreed to commence a study program to prepare papers on WTO's implication on vegetable seed, tea, vegetable ghee, poultry sub-sectors. We were one of the members of the steering committee. The steering committee decided on the selection of study topics. AEC organized interactions of private sector representatives to discuss on those papers and provided relevant and appropriate suggestions and comments to paper writers.

AEC/FNCCI has entered into agreement with the International Trade Center to cost share to host two WTO related programs in 2005.

VI. Non-Timber Forest Product Trade

Non –Timber Forest Product Trade in Nepal is occurring in a very disorganize way. Many issues/constraints both seen as well as unseen that are associated with this sector have been identified. But the problems have always remained unchanged. Most of the issues focus mainly on forest users' groups. Very few issues related to trade have been studied separately. We want to focus our study mainly to find out issues for a smooth trade of NTFPs from the moment it is collected and traded at a local level and then flown in either at Surkhet or Nepalgunj. Our focus area is to study trade pattern of NTFPs along Jumla-Surket-Nepalgunj corridor. We involved the services of ABTRACO to carry out the study. AEC/FNCCI organized interaction programs to carry out study on NTFPs trade in Jumla, Surkhet and Nepalgunj corridor.

Table 2: Interaction programs

District	Organized in Partnership with	Purpose
Jumla	Jumla Chamber of Commerce and Industry	To inform various stakeholders about the survey of NTFPs trade in Jumla
Surkhet	Surkhet Chamber of Commerce and Industry	To inform various stakeholders about the survey of NTFPs trade in Surkhet
Nepalgunj	Nepalgunj Chamber of Commerce and Industry	To inform various stakeholders about the survey of NTFPs trade in Surkhet

Jumla and Surkhet Chamber of Commerce and Industry invited related stakeholders like local NTFP traders, processors, airlines staffs, representatives from local development office, office of Forestry, Agriculture Development Bank, forest users groups, etc. The interaction program focused on issues of NTFP processors, coordination among local stakeholders, domestication of some plants, local tax, royalties, etc.

Nepalgunj CCI invited NTFP traders, processors, exporters and members of CCI to discuss on issues like value addition, investment, bank loan, sourcing NTFPs, local tax, phytosanitary, etc. Most of the participants pointed out problems due to phytosanitary regulations applied by the Plant Quarantine Office of Rupedia in India. As a result, from 1st July 2004, NTFPs, which had not been listed in the recent Plant Quarantine Order of India, had been barred from entering into India. AEC/FNCCI had always actively been involved in plant quarantine related matters and in this case it advocated with the concerned government agencies for an appropriate measures to be adopted by Nepal. AEC's involvement in plant quarantine related matters are elaborated in success story section of this report.

AEC/FNCCI organized an interaction program in partnership with Nepalgunj CCI to present the findings and recommendations of the final report “ A Study Report on Trade Pattern of Non-Timber Forest Products (NTFPs) in Jumla, Surkhet and Nepalgunj: Appropriate Policy Measures for Business Support and Trade Enhancement”. NTFP local traders from Jumla, Surkhet & Nepalgunj, processors & exporters from Surkhet and Nepalgunj, and members of Nepalgunj CCI discussed mainly on plant quarantine, royalties, local tax, local level processing related policy constraints that NTFP traders were facing in this sub sector. NTFP exporters and processors identified plant quarantine issue with India as a major hurdle in coming days.

Apart from the issues mentioned above we have compiled 4 case studies for policy advocacy in NTFP trade: a) Non-scientific Royalty Fixing Mechanism, b) Haphazard local tax collection during transportation of NTFPs from one point to another, c) Plant Quarantine Issues (already being advocated at appropriate government institutions both in Nepal and India), d) Is processing a viable option for Jumla? AEC/FNCCI will publish and advocate these case studies in 2005. We are also in communication with BDS/MAPs in NTFP related issues.

Our continuous efforts in advocacy have been raising policy reforms needed for this sector in various forums, platforms; making presentations to the Ministry of Forestry and Soil Conservation; and providing inputs on draft of NTFP Policy. The Government has enacted the final Herbs and Non-Timber Products Development Policy –2060.

VII. Water Source Development

AEC/FNCCI is also working with SIMI/ Nepal in identifying study for policy related issues in water source development. AEC/FNCCI has entered into agreement with Nepal Smallholder Market Initiative (Nepal-SIMI) for carrying out the process & impact study of the multiple use (hybrid) gravity water supply schemes in Palpa & Syangja districts of West Nepal. Based on the findings, Nepal-SIMI, International Water Management Initiative (IWMI), IDE, Global MUS project and AEC/FNCCI will together carry out a study for hybrid irrigation system by SIMI in 2005.

VIII. Policy Advocacy Capacity Building

AEC/FNCCI is assisting USAID/N in organizing a 2-day training in December, 2004 on Strategic Market Analysis for International Business Development. USAID/N in conjunction with the Market Analysis Section of the International Trade Center UNCTAC/WTO. The targeted participants will be mostly from institutions involved in trade.

IX. Policy Advocacy sustainability

AEC/FNCCI is developing a web site www.aecfncci.org.np where pertinent information about agriculture trade, link to Government of Nepal's existing policies, Acts, & Rules, product profile will be hosted.

Working together with Rural Urban Partnership Program/ UNDP, we are also acting as a central hub for promoting agricultural trade via Internet, B2B. We will be launching the program in 2005.

We were also one of the active organizers of "Nepal Tea and The World –2004", an international tea event (buyers and sellers meeting) organized in November 2004 for the promotion of Nepalese Tea. 112 participants (21 international participants, buyers, paper presenters and journalists were from USA, Germany, India and Japan) from buyers and sellers; tea factories, donor agencies, and FNCCI . We organized all the coordination aspects of the event.

We organized Agro Expo-2004 in the end of November 2004 for the promotion of Nepalese agricultural products in domestic markets and for making the consumers aware of such products. Ministry of Agriculture and Cooperatives and Department of Livestock Services also were the co-organizers of the event. There were altogether 152 stalls (72 with different agro products, agro-business promotion and extension services; 30 with floricultural products; 45 with livestock related products; and 5 with apples (Mustang), ntfps (Jumla, Humla), Orange (Sindhuli & Ramechhap), banana (Nawalparasi), and locally manufactured agricultural equipment.

We organized the Agro Expo-2004, with AEC's own resource. The expo showed that agriculture sector is moving towards the commercialization direction. Government officials appreciated the expo very much and are advising AEC/FNCCI to hold such event annually.

X. Gender and disadvantage group related programs

We have incorporated service of gender and disadvantage group related experts in the Terms of Reference of studies pertaining to administration and policy constraints that small farmers face in target area and non-timber forest product trade. The experts will be part of the team when they visit different districts. All of the five study reports that were carried out provide reforms proposed for addressing the problems related to gender, ethnic and disadvantage groups and findings and recommendations have been presented at local levels by the expert.

Findings and recommendations from all of the study reports will be compiled and will be relayed to appropriate stakeholders by means of a seminar in Kathmandu.

XI. Success stories in Policy Advocacy

1. Amendment in Local Self Governance Regulation

An example of successful policy advocacy is that in November and December 2003, AEC had informed the Secretaries of the Ministry of Agriculture and Cooperatives and the Ministry of Industry, Commerce and Supplies, and Member of the National Planning Commission regarding the intention of the Ministry of Local Development in attaching 4 additional annexes (with the list of almost all of the agricultural products that could be locally taxed) in the proposed revision of the Local Self Governance Regulation of 2056. Based on the suggestions and caution that AEC had indicated to the Secretaries, the Ministry of Agriculture and Cooperatives has written to the Ministry of Local Development not to include such annexes that would be devastating for Nepalese agricultural products. Similarly the Ministry of Industry, Commerce and Supplies and the National Planning Commission also indicated that they have also sent letters to the Ministry of Local Development not to allow local tax on agricultural products. Subsequently the proposal of additional lists of annexes were withdrawn by the Ministry of Local Development as decided by “Arthik Samiti”

2. Agro Enterprise Centre’s Success Story in Plant Quarantine related issues with India

A successful policy advocacy has been in Sanitary & Phytosanitary (SPS) related issues with India. As part of SPS measures, the Government of India is requiring Nepalese traders to abide by new provisions in the Plant Quarantine Order, 2003 to be effective from 1st January 2004. Since then smooth export of one or the other Nepalese agricultural commodities and majority of non - timber forest products have been disturbed from time to time. Agro Enterprise Centre (AEC) has been regularly taking up the issue to the concerned ministries of both Nepal and India. An elaboration of AEC’s approach and outcomes are provided below.

Lentil & other agricultural commodities

As a result of the implementation of the new Plant Quarantine Order in India, export of Lentil; the Indian Plant Quarantine office in Lucknow stopped herbs, etc. in the first week of January 04. In 16th January, 04 an FNCCI SAARC Trade Committee Chairperson and AEC contacted Indian Embassy and Plant Quarantine Department in New Delhi to allow import of lentil, herbs, etc. to India and **we were successful in having the Government of India in allowing the import of lentil.**

Continuation from previous page

Non-Timber Forest Products (NTFPs)

Plant Quarantine Order, 2003 did not contain the list of all NTFPs that had been traditionally exporting to India. According to its regulation for all items that were not listed in the Plant Quarantine Order of India, Pest Risk Analysis (PRA) needed to be done. PRA is a lengthy process and Nepalese Plant Quarantine Offices are not yet geared to conduct such analysis. Federation of Nepalese Chambers of Commerce and Industry (FNCCI) pursued this issue with the Government of Nepal to raise this issue during the Inter Governmental Committee's (IGC) meeting with India to be held in Kathmandu in March 04. And this matter was also raised during the Joint Economic Council meeting between the FNCCI and its partner organization, Confederation of Indian Industries (CII). CII made an arrangement for FNCCI's delegation's to present this and other plant quarantine related matter with the related personnel from the Government of India, who would be attending the IGC meeting.

From 1st July 2004 exporters of NTFPs to India were facing hurdles due to the policy of the Plant Quarantine Office of the Government of India of allowing only those NTFPs, which were listed in the Plant Quarantine Order. AEC/FNCCI had approached the Ministry of Agriculture and Cooperatives and provided the list of NTFPs available in Nepal (we received the list through the Nepalgunj Chamber of Commerce and Industry and Jadibuti Association of Nepal). HMG of Nepal had provided the list for NTFPs to its counterpart in India to include the names of NTFPs in the list. **The Government of India has released a circular in August 2004 stating that import of medicinal herbs may be allowed in dry & coarse grounded/powered/kibbled form subject to valid phytosanitary certificate, as stipulated in the Plant Quarantine Order, 2003. And import permit is not required for plant materials covered under Schedule-VII of the Order.** Pest Risk Analysis report is not required any more for NTFPs listed in the Order. AEC provided this information to all of the stakeholders in 04 November 2004. Because of this circular export of NTFPs is occurring smoothly.

Jute Products

Nepal Jute Mills Association wrote a letter to the Federation of Nepalese Chamber of Commerce & Industry in October 16, 2004 notifying about the memorandum issued by Directorate of Plant Protection of the Department of Agriculture, India, dated 22-09-2004 regarding compliance of plant quarantine order 2003 (regulation of import into India) on import of products made of jute fibers. As a result of this memorandum export of Nepalese jute to India was halted completely. The Association sought AEC's intervention in resolving the problem.

AEC sent an official letter on 18th October 2004 to Dr. P.S Chandurkar, Plant Protection Advisor to the Govt. of India & Director, Locust Control of Directorate of Plant Protection, Quarantine & Storage, Faridabad India raising the issue of export of Jute to India. Copies of the letter were provided to His Majesty Government's Ministry of Agriculture of Cooperatives, Ministry of Industry, Commerce and Supplies, & Royal Nepalese Embassy, New Delhi.

Continuation from previous page

AEC advocated that the Plant Quarantine Order 2003 (revised) sub-clause (3) of chapter II clause 9 states that “ The provisions of this order shall not apply to consignment of processed wood material such as plywood, particleboard, oriental strand board or veneer that have been manufacturing using glue, heat and pressure or combination thereof ”; AEC wrote that jute products may also be considered in the same way and the decision for the import of Nepalese Jute products into India should be done accordingly. AEC also provided information about technical aspects of the processing as given by the Nepal Jute Mill Association to Dr. Chandurkar. AEC had also raised other plant quarantine issues related to export of Nepalese fresh ginger and non-timber forest products.

To resolve the problem, series of discussions and exchange of information, visits to New Delhi by the Executive Director from FNCCI/AEC, and representatives from Nepal Jute Mills Association had also taken place. In addition, the issues were also discussed during the Inter Governmental Committee meeting that was held in New Delhi in the end of October 2004 at Joint Secretary Level. In this meeting, the Executive Director had acted as a shadow participant to give inputs/advise to facilitate the decision process for the official participants of the Government of Nepal.

Dr. Chandurkar in November 2, 2004 sent a letter to the Executive Director of Agro Enterprise Centre mentioning that “--- The issue has been thoroughly examined and after considering the details of heat treatment/chemical processing involved in the manufacture of final jute products as well as proper packing of the same in storage as submitted by you vide your above cited letter, it is observed that no phytosanitary risk is involved with such processed jute products. Hence, the processed jute products are exempted from the purview of Plant Quarantine (Regulation to Import in to India) Order, 2003.”

Because of that decision, export of jute products from Nepal to India is once again resumed smoothly.

Fresh Ginger

Chapter II (General conditions for import), number 3 clause 7 of the Plant Quarantine Order 2003 states that “No import permits shall be issued for consignments other than those listed in Schedule –V, VI and VII, unless the pest risk analysis (PRA) is carried out in accordance with the guidelines issued by the Plant Protection Advisor (PPA) based on international standards and ---- ”. Since fresh ginger had not been included in Schedules-V, VI and VII, AEC foresaw that the export of ginger from Nepal would stop unless the Ministry of Agriculture and Cooperatives (MOAC) expedited the matter in providing data of existing pest situation of ginger growing areas of Nepal to the Directorate of Plant Protection, Quarantine & Storage of the Government of India. AEC raised this concern with MOAC and asked them to seriously consider the situation so that export of ginger to India would not be hampered during the ginger production season. MOAC gathered information of existing pest situation of ginger growing areas of Nepal and made them available to the concerned institution of the Government of India. This issue was also put as an agenda in the Joint Economic Council’s meeting held between FNCCI and CII in the end of October 2004.

Continuation from previous page

On 10th October 2004 the Government of India released a circular allowing ginger rhizome of Nepal to be imported into India under Schedule VI of the Plant Quarantine Order, 2003 with no additional declaration required.

Despite the Plant Quarantine Order, 2003's above mentioned amendment it has come to our notice (received from various Chamber of Commerce and Industry) that the custom of India has not allowed the import of ginger into India because of the fact that the Foreign Trade Policy of 2004-2009 of the Government of India still has kept ginger among the commodities that is restricted to be imported into India from Nepal. As a result export of ginger from different border points like Bhairahawa-Sunauli, Kakarvitta-Panitanki, Nepalgunj-Rupedia has been halted completely.

To solve this problem AEC wrote a letter to counselor, commerce wing of the Embassy of India informing about the situation and requesting to consider the matter seriously in allowing the import of ginger into India as per the amendment of 10th October, 2004 of the Plant Quarantine Order 2003 and assist in removing ginger from the Government of India's Foreign Trade Policy of 2004-2009's list of commodities that is restricted in being imported into India. Copies of the letter were provided to His Majesty Government's Ministry of Agriculture of Cooperatives, Ministry of Industry, Commerce and Supplies, & Royal Nepalese Embassy, New Delhi. **This issue has already been taken up to the Indian Embassy & to the Ministry of Commerce in India.**

High Inspection Fee

AEC has been continuously raising the issue of high inspection fee being collected by the Plant Quarantine Offices of the Government of India at different border points. Current inspection fee is very high for Nepal as the trade transaction takes place in small volume, i.e. 500 kg for vegetables and 1-2 tones for other agricultural products. The percentage of the inspection fee to that of commodity's wholesale price in Nepalese market ranges from 22% for 500 kg of ginger to 102% for 50 kg of Radish seed while being exported to India. The percentage varies depending on quantity and seasonal price being offered. As a result of high inspection fee small traders have almost stopped exporting to India and even when they export, the export is done usually at the discretion of the plant quarantine officer at the plant quarantine office.

At the initiative of the FNCCI, the Government of Nepal has already approached the Government of India during different IGC meetings to reduce the current inspection fee of plant quarantine at least by 50%. Final approval from the Government of India is awaited to reduce the inspection fee as per Nepal's request.

AEC has pursued this issue along with other plant quarantine issues to the counselor, commerce wing of the Embassy of India from time to time for resolving.

Continuation from previous page

Program fund from Export Promotion Committee

AEC has also formally requested the Export Promotion Committee of the Ministry of Industry, Commerce and Supplies to provide certain fund to enhance the capacity of plant quarantine offices and to develop infrastructure to apply quarantine measures effectively. AEC/FNCCI will also assist in enhancing the capacity of plant quarantine offices. As a result of AEC's initiative Plant Protection Directorate of MOAC has prepared and submitted a proposal to the Export Promotion Committee, which is going to provide the major portion of the fund. AEC/FNCCI will provide assistance in Pest Risk Analysis related trainings, in identifying pest and disease free regions, and in exchange visit program between India and Nepal for harmonization of plant quarantine programs (fund allocation in the budget).

It has come to AEC's notice that the Export Promotion Committee has agreed to provide certain fund to enhance the infrastructure at different Plant Quarantine Offices of Nepal.

AEC's continuous effort in raising Plant Quarantine related issues with India has been effective and has been helpful both to the Government of Nepal as well as to the Government of India. Concrete solutions to the arising problems have emerged as a result of AEC's catalytical role.

3. Interaction on draft versions of policies and certification processes

AEC/FNCCI had opportunities to organize interaction programs with active participations of related private sector representatives to discuss on the draft versions of Plant Quarantine Policy, 2060, National Dairy Development Policy, 2060, National Agriculture Policy, 2060, Herbs and Non-Timber Products Development Policy, 2060, Local Self Governance Regulation, 2060, National Poultry Policy, 2060, etc. We submitted the suggestions of interaction meetings to the concerned Ministries.

AEC/FNCCI organized interaction meetings in September, 2004 to get comments, suggestions from the private sector on Certification of Food Safety and Quality Management System, Phytosanitary Certification System, and Veterinary Certification System developed by MOAC. Based on the interaction meetings, AEC/FNCCI provided comments/ suggestions of the private sector to the Joint –Secretary of the Agribusiness Promotion and Statistics Division of MOAC, who had requested for private sector's comments.

We are also in the steering committee of the National Dairy Development Board that is bringing out the Code of Practice For Dairy Industry, which will be launched in the end of 2004.

XII. Actual Accomplishment Against Goals

Table 3 shows the actual accomplishment against goals set from the period November 25th 2003 to September 30th 2004.

Table 3 Actual Accomplishment Against Goals

Indicators	Final Target	Final Achievement
No. Of Case studies/prepared for Policy Advocacy*	8	8
No. Of Sectoral policy and trade-related issues analyzed*	2	4
No. of Reviews/Assessment of Bilateral Trade Agreements in relation to Agricultural Trade and support to HMG on improving its negotiating strength*	2	4
No. of administrative or policy reforms proposed and debated*	8	12
No. of Policy Reforms adopted by HMG/Local Authorities*	8	8
No. of administrative reforms proposed for addressing the problems related to female headed household, women empowerment*	2	4
No. of administrative reforms proposed for addressing the problems related to ethnic and disadvantage groups*	2	4

* Details of indicators are as follows:

- Case studies prepared for policy advocacy are:
 - Non-scientific Royalty Fixing Mechanism of some of the NTFPs
 - Haphazard local tax collection during transportation of NTFPs from one point to another
 - Plant Quarantine issues in NTFPs
 - Is processing of NTFPs a viable option for Jumla?
 - A study report on identification of administrative and policy constraints that small farmers face in Palpa (coffee)
 - A study report on administrative and policy constraints faced by honey producing small farmers in Dang district
 - A study report on administrative and policy constraints faced by small farmers producing vegetable seeds in Dang
 - A study report on administrative and policy constraints faced by small farmers producing vegetables and market access in Banke
- Sectoral Policy and trade-related issues analyzed are:
 - A detailed study report on trade competitiveness of vegetable seed {radish (mino-early), carrot (new kuroda) & hybrid tomato provides information about export potentiality of Nepalese vegetable seed in the market of Bangladesh and India and at the same time it also looks into possibility of import substitution of hybrid seeds.
 - Study report on honey provides sectoral policy and trade –related issues.
 - Study report on coffee provides sectoral policy and trade –related issues.

- Study report on vegetables and market access in Banke provides sectoral policy and trade-related issues
- Reviews/Assessment of Bilateral Trade Agreements in relation to Agricultural Trade and support to HMG on improving its negotiating strength are:
 - AEC/FNCCI 's proactive role in phytosanitary related issues (more than 4 reviews and assessment have been done) with India are given in the success story of AEC/FNCCI provided in this report.
 - We presented issues of food inspection done at Indian customs to Ms. Shashi Sareen, Director of Export Council of India during her visit to Nepal.
 - We presented Nepal and Bangladesh Economic Opportunities during an interaction program organized by FNCCI/AEC on” Nepal and Bangladesh Economic Opportunities and South Asian Sub-Regional Economic Cooperation (SASEC) Initiatives”.
 - Executive Director of AEC was a member of FNCCI business delegation to Bangladesh in January 04 to discuss about different bilateral trade issues.
- Administrative or policy reforms proposed and debated are mostly during submission of AEC/FNCCI's (private sector's) opinion in different draft version of policies, & presentation of findings and recommendations of different study reports at local levels, and phytosanitary issues with India:
 - Plant Quarantine Policy, 2060
 - National Dairy Development Policy, 2060
 - National Agriculture Policy, 2060
 - Herbs and Non-Timber Products Development Policy, 2060
 - Local Self Governance Regulation, 2060
 - National Poultry Policy, 2060
 - Inspection certification process
 - Different phytosanitary related issues with India
 - Findings and recommendations of different study reports at local levels
 - Trade Competitiveness of vegetable seed
 - Certification processes to be implemented by the Government
 - Code of Practice for Dairy Industry
- Policy Reforms adopted by HMG/Local Authorities are can be observed in different final and draft versions of policies:
 - All suggestions provided in phytosanitary related issues with India (more than 5)
 - Plant Quarantine Policy, 2060
 - Local Self Governance Regulation, 2060
 - Herbs and Non-Timber Products Development Policy, 2060
 - National Agricultural Policy, 2060
- Administrative reforms proposed for addressing the problems related to female headed household, women empowerment:
 - All of the five study reports that were carried out provide reforms proposed for addressing the problems related to gender and findings and recommendations have been presented at local levels by the expert.

- Administrative reforms proposed for addressing the problems related to ethnic and disadvantage groups:
 - All five study reports that were carried out provide reforms proposed for addressing the problems related to ethnic and disadvantage groups and findings and recommendations have been presented at local levels by the expert.

XIII. Lessons learnt, major challenges and constraints faced

Due to current political situation of the country, programs had to be postponed many times and this caused delay in getting final reports of the studies. We feel that ABTRACO had a difficult time in smoothly coordinating different components of study research among its pool of experts and hence a delay in timely completion of study reports.

Amidst existing political situation of the country, we have learnt following lessons:

- Due to current unpredictable, volatile and unsecured political situation of the country, we frequently had to make new changes in our implementation program of survey, field visits, interaction programs at different districts.
- Our approach of holding an interaction program at local levels with the proactive participation of representatives from local CCIs, local government bodies, farmers' groups & cooperatives, traders, etc. have been very much appreciated. Inputs received as a result of such interaction programs have helped tremendously in identifying local issues.
- The issues and findings from different studies have helped AEC/FNCCI to convey the message to appropriate policy makers while attending different high-level meetings called by different Ministries. We will publish booklets with our view incorporating some of the findings and recommendations for an effective advocacy.
- A member staff of AEC/FNCCI accompanied study teams of ABTRACO (during the initiation of the program at a district) so that we would be directly involved in assessing the implementation part. Feedback received from such involvement assists us to lead program proactively.
- Some in-house staff provisions are also required to compile/scrutinize & to gather primary and secondary data and to provide them to the study team in order to make the study more useful and complete.

XIV. Prospects for next year's performance

During the second year implementation of the program, we will take similar modality of organizing initial interaction programs in partnership with local CCIs and with an active participation of related stakeholders. We will present the findings at the respective districts where the studies will be carried out or at a nearby convenient district. Based on the first year's study reports and next year's findings, & other secondary information, AEC/FNCCI will publish information in a form of booklets for policy advocacy among related stakeholders.

We will also be opening a liaison office in Butwal, within the newly built building of Butwal CCI for an effective implementation of the program in the region.

XV. Status of Finance

The expenditure that has occurred up to 30th September, 04 is as shown in the table below. About Rs. 2,664,015.40 has been spent from the beginning of the project. High-level interaction programs and publication of booklets for policy advocacy will take place next year. The costs will be absorbed next year.

Table 4: Status of finance

No.	Activities	NRs.
1.	Salary and benefit of program staffs	1,354,560.10
2.	Travel and DSA of program staffs	271,068.50
3.	Travel DSA for Consultants	50,692.60
4.	Administration & Policy Constraints and NTFP Studies & Advocacy	987,694.20
5.	Trade Competitiveness	
6.	Bilateral Trade Reform	
7.	WTO Accession and Preparedness	
8.	Policy Advocacy Capacity Building	
9.	AEC sustainability program	
Total		2,664,015.40

Table 5 gives the list of Committees, Boards, task force represented by AEC/FNCCI. We advocate different policy related reforms when attending such programs.

Table-5: List of Committee , Boards, task force, Represented by the AEC/FNCCI

Name of Committee/Committee/Board/Task Force/Fund
National Development Council
Central Agriculture Development Committee
APP Implementation Review Committee
Central Agriculture Development Implementation Committee
National Agricultural Research and Development Fund (NARDF)
National Dairy Development Board (NDDB)
Food Standard Committee, MOAC
Crop Diversification Project Steering Committee (MOAC/ADB)
Commercial Agriculture Development Project (ADB) Steering Committee
Community Livestock Development Project (ADB) Steering Committee
Nepal Standard Technical Committee (MOICS)
“District and National Implementation of Nepal’s APP” Project (MOAC/DFID)
Revenue Committee of HMG of Nepal
Nepal Agriculture Input Company Ltd.
Nepal China Non-Governmental Forum
FNCCI-Confederation of Indian Industry Joint Committee
FNCCI-federation of Bangladesh Chambers of Commerce and Industry Joint Task Force

XVI. Details of Quarterly report covering 1st July- 30th September, 2004



Agro Enterprise Centre
Federation of Nepalese Chambers of Commerce and Industry

**Progress Report for the USAID
supported project " Improving
the Policy Environment for
Agricultural Trade, Production
and Marketing in Nepal"
(Award No. 367-A-00-04-00021-00)
for
July 01, 2004 – September 30, 2004**

PO Box 7651
FNCCI Building
Kathmandu, Nepal
Ph.: 4262245,4262260,4267005
Fax: +977-1-261671
e-mail: agroaec@mos.com.np

ABBREVIATIONS AND ACRONYMS

ABTRACO	Agro Business and Trade Multipurpose Cooperative Ltd.
ADB	Asian Development Bank
ADB/N	Agriculture Development Bank/ Nepal
AEC	Agro Enterprise Center
AOA	Agreement on Agriculture
APP	Agriculture Perspective Plan
CCI	Chamber of Commerce and Industry
CII	Confederation of Indian Industries
FNCCI	Federation of Nepalese Chambers of Commerce and Industry
FBCCI	Federation of Bangladesh Chambers of Commerce and Industry
FUG	Forest Users' Group
JEC	Joint Economic Council
HMG/N	His Majesty's Government of Nepal
MOAC	Ministry of Agriculture and Cooperatives
MOFSC	Ministry of Forestry & Soil Conservation
MOICS	Ministry of Industry, Commerce and Supplies
NTFP	Non-Timber Forest Product
PRA	Pest Risk Analysis
SAFTA	South Asia Free Trade Association
SEAN	Seed Entrepreneurs Association of Nepal
SSSP	Seed Sector Support Project
SSSC	SEAN Seed Support Center
SO	Strategic Objective
SPS	Sanitary and Phytosanitary Measure Agreement
SIMI	Smallholders Irrigation Market Initiatives
TBT	Technical Barriers to Trade Agreement
TRIPS	Trade Related Intellectual Property Rights
TOR	Terms of Reference
USAID	United States Agency for International Development
WTO	World Trade Organization
WUG	Water Users' Group

ANNEX: DETAILS OF PROGRAM ACTIVITIES

Activity No. : 1

Program Activity : Administration and Policy Constraints that Small Farmers face in the Target Area

No.	Activities On-Going	Activities Completed	Key Achievements
1.	<p>AEC/FNCCI is planning an interaction program based on the issues found on administrative and policy constraints that small farmers face in Palpa (Coffee), Dang (Vegetable seed, Honey), & Banke (Market Center and Vegetable)</p> <p>The studies have also gathered issues faced by women and disadvantaged groups in the respective districts and in respective commodities.</p> <p>By December, 2004 we plan to complete such programs.</p>	<p>ABTRACO submitted in August, 2004 three draft reports on “ Identification of Administrative and Policy Constraints that Small Farmers Face in Dang (Vegetable Seed, Honey), Banke (Market Center and Vegetable) & Palpa (Coffee).</p> <p>AEC/FNCCI provided suggestions, comments to the team of experts of ABTRACO to incorporate in the reports.</p>	<p>AEC/FNCCI in partnership with the Palpa Chambers of Commerce and Industry organized an interaction meeting in August 13, 2004 in Palpa. Major findings and recommendations of the report on” Identification of Administrative and Policy Constraints that Small Farmers Face in Palpa (Coffee) “ were presented in the interaction meeting.</p> <ul style="list-style-type: none"> • 43 participants participated in the interaction meeting. Acting Chairman of Palpa CCI chaired the session. • Coffee traders, representatives from coffee association, coffee producers-farmers from different cooperatives, representatives from the District Agriculture Development Office, Cottage and Small Industry, Agriculture Development Bank, Tea and Coffee Board, Local Development Office, local INGOs and NGOs, members of Palpa CCI and local journalists discussed mainly on productivity, proactive role of the Board, organic aspect of coffee. • The participants appreciated the report.
3.	<p>Based on the final report final report on “ Identification of Administrative and Policy Constraints that Small Farmers</p>	<p>ABTRACO submitted in September 24, 2004 the final report on “ Identification of Administrative and Policy Constraints that</p>	<ul style="list-style-type: none"> • The report has incorporated the comments and suggestions raised during the interaction program.

No.	Activities On-Going	Activities Completed	Key Achievements
	Face in Palpa (Coffee)”, AEC/FNCCI is focusing on issues for policy advocacy at a national level.	Small Farmers Face in Palpa (Coffee) ”.	
4.	Based on the final report on “Administrative and Policy Constraints faced by honey producing small farmers in Dang Districts” and “ Administrative and Policy Constraints Faced by Small Farmers Producing Vegetable Seeds in Dang and Vegetables in Banke Districts”, AEC/FNCCI is focusing on issues for policy advocacy at a national level.	ABTRACO submitted in September 29, 2004 the final reports on “Administrative and Policy Constraints faced by honey producing small farmers in Dang Districts” and “ Administrative and Policy Constraints Faced by Small Farmers Producing Vegetable Seeds in Dang and Vegetables in Banke Districts”.	<ul style="list-style-type: none"> The report has incorporated the comments and suggestions of AEC/FNCCI. Based on this final report AEC/FNCCI is focusing on issues for policy advocacy at a national level.
5.		In September 22, AEC/FNCCI provided its comments and suggestions to the National Planning Commission and the Planning Division of MOAC on the National Agriculture Policy-2061. The Joint-Secretary of the Planning Division of MOAC and Under –Secretary of the National Planning Commission had requested for AEC/FNCCI’s comments and suggestions on this policy.	<ul style="list-style-type: none"> In Novembmer, 2003 AEC/FNCCI had provided its comments and suggestions during the preparation of this policy focusing for an effective involvement of private sector in the commercialization of agriculture in Nepal. AEC/FNCCI has suggested again that this policy should focus in working in partnership with private sector, consider marketing aspect, bring contract farming act, etc.

Activity No. : 2
Program Activity : Trade Competitiveness

No.	Activities On-Going	Activities Completed	Key Achievements
1.		AEC/FNCCI organized in August 24, 2004 a half –day Interaction Program about the Trade Competitiveness of the selected vegetable seeds.	<ul style="list-style-type: none"> The Chairman of AEC/FNCCI chaired the interaction program. There were 42 participants from MOAC (including 2 Joint-Secretaries), MOICS, NARC, ADB/N, SEAN (President), NARDF, SSSP, SSSC/SEAN, Vegetable Development Division-Khumaltar, Seed Quality Control Center (Director General), Plant Quarantine Division (Chief), Trade Promotion Center (Executive Director), Export Promotion Committee, FAO, NGOs & INGOs. Participants appreciated the presentation and the fact that vegetable seed is one of the competitive exportable products of Nepal was effectively presented and advocated.
2.		ABTRACO submitted the final report on “ Trade Competitiveness Study of Vegetable Seeds (Mino Early), Carrot (New Kuroda), Hybrid Tomato in 9 September 2004.	<ul style="list-style-type: none"> Final reports incorporating the suggestions and comments raised during the interaction meeting were provided to Member –National Planning Commission, concerned Joint Secretaries of MOAC, MOICS, Chief- Seed Quality Control Center, President-SEAN for consideration of policy reforms as recommended.

Program Activity No. : 3
Program Activity : Bilateral Trade Agreements

No.	Activities On-Going	Activities Completed	Key Achievements
1.		Participated in a meeting under the chairmanship of the Joint-Secretary Dr. K.B. Shrestha held at the Ministry of Agriculture and Cooperatives to discuss about the Plant Quarantine related issues in the export of NTFPs to India.	<ul style="list-style-type: none"> AEC/FNCCI was to prepare a presentation for the Secretaries of the MOAC, MOICS, & MOFSC to make them aware of existing problems about the Plant Quarantine related issues in the export of NTFPs to India, Pest Risk Analysis (PRA), & quarantine control.
2.	AEC/FNCCI has been assisting the Ministry of Agriculture and Cooperative and the Ministry of Industry, Commerce and Supplies in requesting the Government of India to reduce the current plant quarantine inspection fee by 50%.	AEC/FNCCI presented current scenario in Plant Quarantine related issues specially about PRA in NTFPs while being exported to India in a meeting organized by the Ministry of Agriculture and Cooperatives in July 30 th , 2004.	<ul style="list-style-type: none"> AEC/FNCCI had the opportunity to advocate about the plant quarantine related issues with India in the presence of the Secretary of the MOAC, Joint Secretaries from MOAC & MOFSC, Director Generals from different departments of MOAC and representatives from MOICS and other divisions of MOAC. A coordination committee with members representing MOAC, MOFSC & AEC/FNCCI has been formed with the major responsibility of coordinating plant quarantine related issues in agricultural and non-timber forest products.
3.		In June/July 2004, AEC/FNCCI had coordinated with the Export Promotion Committee of MOICS requesting to provide some export promotion fund to enhance the capacity of plant quarantine offices and to develop infrastructure for	<ul style="list-style-type: none"> Export Promotion Committee organized a meeting in July 9, 2004 to discuss about the possibility of financial assistance to enhance the infrastructure and to train technical persons of the Plant Quarantine

No.	Activities On-Going	Activities Completed	Key Achievements
		effective implementation of plant quarantine measures.	<p>Offices of Nepal. The meeting took place in the presence of the Joint-Secretary of the Export Promotion Committee, Program Director of the Plant Protection Directorate, Plant Quarantine Chief of Plant Quarantine Division, Executive Director of AEC/FNCCI and other representatives.</p> <ul style="list-style-type: none"> • The Export Promotion Committee has given assurance to provide financial assistance for infrastructure development of Plant Quarantine Laboratories. • Based on the outcome of the meeting Plant Protection Directorate has prepared and submitted a proposal to the Export Promotion Committee. AEC/FNCCI will also provide financial assistance in Pest Risk Analysis related trainings, in identifying pest and disease free regions, and in exchange visit program between India and Nepal for harmonization of plant quarantine programs.
4.	AEC is assisting FNCCI in plant quarantine related issues for upcoming FNCCI-CII JEC meeting that is taking place from 8 th to 11 th September, 2004 at New Delhi.		
5.		AEC/FNCCI organized an interaction meeting in September, 2004 to get comments, suggestions from the private sector on Certification of Food Safety and Quality Management System,	<ul style="list-style-type: none"> • AEC/FNCCI had an opportunity to call a meeting of related private sector representatives to discuss on those certification systems (the prepared documents on those systems are to be

No.	Activities On-Going	Activities Completed	Key Achievements
		Phytosanitary Certification System, and Veterinary Certification System developed by MOAC. Based on the interaction meeting AEC/FNCCI provided comments/ suggestions of the private sector to the Joint –Secretary of the Agribusiness Promotion and Statistics Division of MOAC, who had requested for private sector’s comments.	presented during Inter Governmental Committees (IGC) meeting that will take place at New Delhi in November, 2004). <ul style="list-style-type: none"> AEC/FNCCI’s major recommendation was that the three systems should be taking more of a facilitating role than the controlling role. And those systems should be perceived as providing efficient service for the promotion of export of Nepalese products and controlling/checking import of low quality, health hazardous, diseased products, etc.

Program Activity No. : 4
Program Activity : WTO Accession

No.	Activities On-Going	Activities Completed	Key Achievements
1.	AEC/FNCCI has entered into agreement with the International Trade Center to cost share to host two WTO related programs. The programs will be confirmed in December 04.		

Program Activity No. : 5
Program Activity : NTFP

No.	Activities On-Going	Activities Completed	Key Achievements
1.		<p>ABTRACO submitted in July 30th 2004 a draft report on “ Non-Timber Forest Products (NTFPs) trade Pattern in Jumla, Surkhet and Nepalgunj and Recommendation of Appropriate Policy Measures and Business Supports for Productive Trade Enhancement”.</p> <p>AEC/FNCCI provided suggestions, comments to the team of experts of ABTRACO to incorporate in the reports.</p>	<ul style="list-style-type: none"> • AEC/FNCCI in partnership with the Nepalgunj Chambers of Commerce and Industry organized an interaction meeting in August 17, 2004 in Nepalgunj. Major findings and recommendations of the report on “ Non-Timber Forest Products (NTFPs) trade Pattern in Jumla, Surkhet and Nepalgunj and Recommendation of Appropriate Policy Measures and Business Supports for Productive Trade Enhancement “ were presented in the interaction meeting. • 54 participants participated in the interaction meeting. President of Nepalgunj CCI chaired the session. • NTFP local traders from Jumla, Surkhet & Nepalgunj, processors & exporters from Surkhet and Nepalgunj, and members of Nepalgunj CCI discussed mainly on plant quarantine, royalties, local tax, local level processing related policy constraints that NTFP traders are facing in this sub sector. • The participants appreciated the findings of the study and actively participated in the presentation.

No.	Activities On-Going	Activities Completed	Key Achievements
			<ul style="list-style-type: none"> On the same day AEC/FNCCI presented about Plant Quarantine Issues in NTFPs between India and Nepal to the participants.
2.			
3.	Based on the final report on “ Non-Timber Forest Products (NTFPs) trade Pattern in Jumla, Surkhet and Nepalgunj and Recommendation of Appropriate Policy Measures and Business Supports for Productive Trade enhancement” AEC/FNCCI is preparing cases for policy advocacy at a national level.	ABTRACO submitted in August 30, 2004 the final report on “ Non-Timber Forest Products (NTFPs) trade Pattern in Jumla, Surkhet and Nepalgunj and Recommendation of Appropriate Policy Measures and Business Supports for Productive Trade Enhancement”.	<ul style="list-style-type: none"> The report has incorporated the comments and suggestions raised during the interaction program.
4.		In September 7, 2004, AEC/FNCCI submitted a list of NTFPs (received from the Jadi Buti Association of Nepal) to Dr. K.B. Shrestha, Joint Secretary, Agribusiness Promotion and Statistics Division, of MOAC to request the Government of India to include them in the Schedule VII of the Plant Quarantine Order 2003 so that PRA will not be needed while being exported from Nepal.	<ul style="list-style-type: none"> Joint-Secretary confirmed of providing the list to the Government of India.
		In September 6, 2004 AEC/FNCCI conveyed to the Plant Protection Directorate, Plant Quarantine Division, etc. circulars made by the Government of India on import of agricultural products in a packed form.	

Program Activity No. : 6
Program Activity : Water Source Development

No.	Activities On-Going	Activities Completed	Key Achievements
1.	AEC/FNCCI has entered into agreement with Nepal Smallholder Market Initiative (Nepal-SIMI) in 30 th September, 2004 for carrying out the process & impact study of the multiple use (hybrid) gravity water supply schemes in Palpa & Syangja districts of West Nepal.		<ul style="list-style-type: none"> AEC/FNCCI in partnership with Nepal-SIMI will be carrying out policy advocacy for water source development. <p>The findings of the study will assist Nepal-SIMI in showing the importance/benefits of Multiple Use (Hybrid) Schemes (MUS) in hilly regions of Nepal. Later based on the study Nepal-SIMI, IDE-Nepal, IWMI, & AEC/FNCCI will carry out a study at a national level and advocate the government on MUS's effectiveness.</p>

Program Activity No. : 7
Program Activity : Policy Advocacy Capacity Building

No.	Activities On-Going	Activities Completed	Key Achievements
1.	AEC/FNCCI on behalf of USAID/Nepal will be organizing a 2-day Workshop for 20-25 participants (computers with internet access) in December 2004 to provide in-depth training on how to apply tools of Trade Map and Product Map USAID. The resource person for the workshop will be coming from ITC.		

Program Activity No. : 8
Program Activity : Policy Advocacy sustainability

No.	Activities On-Going	Activities Completed	Key Achievements
1.	AEC/FNCCI is developing a web site www.aecfncci.org.np where pertinent information about agriculture trade, link to Government of Nepal's existing policies, Acts, & Rules, product profile will be hosted.		.